

*Part 4**Title, Creditors and Good Faith Purchasers**2—401. Passing of Title; Reservation for Security; Limited Application of This Section.*

*Each provision of this Sub-title with regard to the rights, obligations and remedies of the seller, the buyer, purchasers or other third parties applies irrespective of title to the goods except where the provision refers to such title. Insofar as situations are not covered by the other provisions of this Sub-title and matters concerning title become material the following rules apply:*

*(1) Title to goods cannot pass under a contract for sale prior to their identification to the contract (Section 2—501), and unless otherwise explicitly agreed the buyer acquires by their identification a special property as limited by this Article. Any retention or reservation by the seller of the title (property) in goods shipped or delivered to the buyer is limited in effect to a reservation of a security interest. Subject to these provisions and to the provisions of the Sub-title on Secured Transactions (Sub-title 9), title to goods passes from the seller to the buyer in any manner and on any conditions explicitly agreed on by the parties.*

*(2) Unless otherwise explicitly agreed title passes to the buyer at the time and place at which the seller completes his performance with reference to the physical delivery of the goods, despite any reservation of a security interest and even though a document of title is to be delivered at a different time or place; and in particular and despite any reservation of security interest by the bill of lading*

*(a) if the contract requires or authorizes the seller to send the goods to the buyer but does not require him to deliver them at destination, title passes to the buyer at the time and place of shipment; but*

*(b) if the contract requires delivery at destination, title passes on tender there.*

*(3) Unless otherwise explicitly agreed where delivery is to be made without moving the goods,*

*(a) if the seller is to deliver a document of title, title passes at the time when and the place where he delivers such documents; or*

*(b) if the goods are at the time of contracting already identified and no documents are to be delivered, title passes at the time and place of contracting.*

*(4) A rejection or other refusal by the buyer to receive or retain the goods, whether or not justified, or a justified revocation of acceptance revests title to the goods in the seller. Such revesting occurs by operation of law and is not a "sale."*

*2—402. Rights of Seller's Creditors Against Sold Goods*

*(1) Except as provided in sub-sections (2) and (3), rights of unsecured creditors of the seller with respect to goods which have been identified to a contract for sale are subject to the buyer's rights to recover the goods under this Sub-title (Sections 2—502 and 2—716).*

*(2) A creditor of the seller may treat a sale or an identification of goods to a contract for sale as void if as against him a retention of*